

ACA Pre-Budget Submission

Pre-Budget Submission 2018-19



Australian Childcare Alliance



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Introduction

This submission was put together in response to the Federal Treasury's call for submissions from individuals, businesses and community groups seeking their views regarding priorities for the 2018-19 budget.

As the national peak body in the Australian Early Childhood Education and Care (ECEC) sector, the Australian Childcare Alliance (ACA) represents more than 2,500 members and approximately 360,000 families throughout Australia. We work on behalf of long day care service owners and operators, predominantly private, to ensure families have an opportunity to access affordable, quality ECEC throughout Australia.

The ACA has existed in various forms for more than 30 years. Our experience means that we understand the critical role a quality ECEC program plays in the life of families and the importance of a viable long day care sector in preparing children for the best start in life and learning.

Our Vision

A future where every child in Australia has access to high quality, affordable and sustainable early childhood education and care.

Our Mission

To be the voice of and support service providers in the provision of high quality, affordable, sustainable and accessible early childhood education and care.

ACA's national and state bodies work collaboratively with all levels of government, regulatory bodies and other stakeholders to ensure that families are supported into the future with a sustainable, affordable and viable sector.

ACA is extremely proud of the ECEC sector. We have worked tirelessly in collaboration with other peak bodies to ensure that the education and care that takes place each and every day, informed by the Early Years Learning Framework (EYLF) and the National Quality Framework (NQF), is appropriately recognised.

As the ECEC sector continues to grow in size, its benefit to young children as well as to future prospects of the Australian economy are increasingly being recognised, both by government and the general community.

ACA welcomes the opportunity to contribute to the Federal Treasury's budget considerations for the 2018-19 financial year, in the context of ensuring a brighter future for Australia's ECEC sector.

The Benefits of High Quality Early Childhood Education and Care

The benefits of high quality Early Childhood Education and Care (ECEC) are now well recognised and acknowledged locally and globally across the education sector. There is an abundance of evidence from studies in Australia and internationally, demonstrating the significant advantages children gain from attending quality ECEC services, which in turn flows on to their family and the wider community.

Children who enjoy quality ECEC are likely to be well socialised, confident, inquisitive about the world, accepting of diversity, resilient to manage challenges and also to be life-long learners.

For example, a Melbourne University study¹ exploring the relationship between preschool/kindergarten experiences and Year 3 NAPLAN scores found that children who attend a high quality early learning program in the year before school are up to 40% ahead of their peers by the time they reach Year 3.

For governments, an investment in early learning is fundamental to the future economic success of the nation; it increases availability of skilled workers across almost all industries by allowing more parents, particularly mothers, to re-enter the workforce and hence boost the productivity of the entire economy.

In terms of Australia's population growth, affordable access to high quality ECEC is a huge factor for Australian families in their decision to have children. Australia's fertility rate has been below replacement level since the 1970s. Women are having fewer than two babies over their life course, and research indicates that Australians want more children than they actually have². In this context, access to affordable, high quality ECEC options can play a crucial role in encouraging couples and families to have more children, supporting Australia's need for a steady population, work force and tax payer base, as well as mitigating the costly dilemma of an ageing population.

An investment in quality early learning can also provide a safeguard against future by preventing even greater government spending on societal costs for disadvantaged children as they mature. Research indicates that when children from disadvantaged backgrounds have access to quality ECEC services, they are less likely to grow up relying on government-funded services.

"The two public policy strengths of early intervention are firstly that it is less expensive and second it is more effective than late intervention. It is no longer viable to take ever increasing amounts of taxation from the public to deal with the ever-increasing impact of failing to intervene early"³

For example, research based on New Zealand data, known as the Dunedin Longitudinal Study⁴, found that only a small fraction of the population is likely to account for the majority of government-funded public service costs such as health services, the criminal justice system, insurance claims for claims for disabling injury, pharmaceutical prescriptions and social welfare benefits.

- 1 Early Bird Catches the Worm: The Causal Impact of Preschool Participation and Teacher Qualifications on Year 3 National NAPLAN Cognitive Tests - http://melbourneinstitute.com/downloads/conferences/LEW2013/LEW2013_papers/WarrenDiana_LEW2013.pdf
- 2 [Household Income and Labour Dynamics in Australia \(HILDA\) Survey Report 2017](#)
- 3 Early Intervention: Good Parents, Great Kids, Better Citizens, Graham Allen MP and Rt Hon Iain Duncan Smith MP September 2008 <https://www.scribd.com/document/13137849/Early-Intervention-Good-Parents-Great-Kids-Better-Citizens>
- 4 Dunedin Longitudinal Study: Childhood forecasting of a small section of the population with large economic burden <http://www.nature.com/articles/s41562-016-0005>

Furthermore, the study measured the connection between an at-risk childhood and costly adult outcomes in the population and suggested that it was possible to predict which of the children were most likely to grow up to become part of this high cost segment of society from measures of their socioeconomic background, experience of maltreatment, IQ and self-control, which could be assessed at the early learning level.

The implications of the study are that long-term benefits of investment in early years education for young children, and particularly for disadvantaged children, both in terms of the benefits for the children themselves but also in terms of the payback for the public purse, are highly underestimated.

Additionally a range of Australian and International studies have quantified that increased participation in ECEC has positive outcomes on the Gross Domestic Product in the short term and long term^{5,6 & 7}.

It is important to note at this point, that the leading experts in the field of early childhood education stipulate that the principles of high quality early years education are centred around **play-based learning** in an age-appropriate physical environment, as opposed to a structured school environment in which children are expected to sit still, listen and focus on the teacher's instructions for long periods of time, undertake specific tasks with accuracy, and respond appropriately to external cues such as school bells to line up for particular activities.

Play-based learning is defined in the Early Years Learning Framework as 'a context for learning through which children organise and make sense of their social worlds, as they actively engage with people, objects and representations'.

While it may sound simple, play-based learning is a complex form of natural enquiry that is best delivered by an experienced educator who is familiar with each child's overall development, emerging strengths and interests. Play-based learning capitalises on children's natural sense of inquiry and discovery through hands-on exploration of the world around them. Through play-based learning, skilled educators can introduce and reinforce concepts while engaging in each child's interests and building on each experience.

Best practice academic research from Australia and around the world demonstrates that high quality early childhood education programs, where the emphasis is on play based experiential learning in an age appropriate environment with no timetables or restrictions, brings about the best outcomes for children.

"The empirical evidence is that children who have a longer period of play-based early childhood education that goes on to age six or seven, finish up with a whole range of clear advantages in the long term. Academically they do better and they experience more emotional wellbeing."⁸

ACA believes Australia's long day care sector offers the ideal balance of age-appropriate early learning environments and adequately trained staff to offer high quality early childhood education and care to Australia's young children. The existing infrastructure offers a cost benefit to both state and federal governments for this purpose, as the facilities are already well established and have the capacity to meet the needs of families with minimal further investment in capital expenditure.

5 Professor Heckman, J – The Heckman Equation (2012)

6 PwC - Putting a value on early childhood education and care in Australia (2014)

7 Linch, R & Vaghul, K – The Benefits and Costs of Investing in Early Childhood Education (2015)

8 Professor Whitebread, D - Sydney Morning Herald (26 January 2014)

About the Sector

The latest data provided by the Department of Education and Training⁹ indicates that for the March quarter 2017, there were over 1.28 million children across 869,000 families using approved child care in Australia with approximately 699,510 (54.5%) in long day care, reflecting the continued demand for ECEC services.

The Productivity Commission's Report on Government Services¹⁰ data indicates that in 2016 the national representation of children aged 0–5 from special needs groups in ECEC services was lower than their representation in the community, with the exception of children from NESB and low-income families. This means that children with a disability, children living in regional and remote areas and Aboriginal and Torres Strait Islander children are under-represented in ECEC services.

From the service provider perspective, according to the latest data from the Australian Children's Education & Care Quality Authority (ACECQA)¹¹, during the September quarter 2017, there were **15,574 ECEC services** approved to operate under the NQF across Australia, of which 7,231 (46%) were long day care centres, 3,109 (19%) preschool/kindergartens, 855 (5%) family day care and 4,373 (28%) outside school hours care.

Of these services, 47% are privately owned and operated, with the vast majority (83%) of approved providers operating only one service, and only 1% of approved providers operating 25 or more services.

According to the 2016 National Early Childhood Education and Care Workforce Census Report¹², the number of workers employed in the sector grew from 153,155 in 2013 to 194,994 in 2016.

Long day care services employed over half the ECEC workforce (55.7 per cent), followed by family day care services (16.7 per cent), outside school hours care (14.1 per cent) and vacation care services (12.1 per cent).

In terms of future growth, planning data¹³ indicates that there are currently over 1,000 planning applications for new privately operated long day care services in Australia. At a national average service size of 90 places and 25 educators per service, this represents over 25,000 new educators (of which 1,000 would be university-qualified Early Childhood Teachers), required to be trained to service these new centres before the end of 2018, when it is reasonable to expect these services to be operating.

This level of expansion in such a short time span will place significant pressure on:

- the ability to source the required volume of quality early childhood educators; and
- the capacity of training providers to meet the demand for initial qualifications training.

9 DET Early Childhood and Childcare Summary Reports <http://bit.ly/2Dk1oKk>

10 Productivity Commission Report on Government Services 2016 <http://bit.ly/2DH48P4>

11 ACECQA National Quality Framework Snapshot Q3 2017 <http://bit.ly/2rkD0Tx>

12 DET National ECEC Workforce Census Report <http://bit.ly/2mE56n2>

13 Based on privately commissioned data provided by Cordell Information – www.cordell.com.au

This same data also indicates that there is predominantly an oversupply of ECEC services across Australia, with many services operating at an unviably low occupancy. Whilst there are pockets of Australia where demand currently outstrips supply, these are discrete, minority areas.

A 2016 report by Colliers International estimated that average occupancy rates across Australia were 70% although, regional areas were noted to have occupancy rates averaging between 50% and 70%, whilst metropolitan areas were in the order of 80%.¹⁴

These statistics highlight the enormous growth in the ECEC sector to date, the anticipated growth in the near future, and the heavy reliance of Australian families on ECEC services in their day-to-day working lives.

Whilst the big picture indicates a steady growth, there is a risk oversupply of ECEC services in certain geographic areas, coupled with a continued undersupply of vacancies for children aged 0-36 months at a broader level across the country, which needs to be addressed.

High levels of fixed costs (predominantly wages) result in prices that are relatively inelastic, and typically do not decrease with increased supply and competition; dispelling the theory that increased supply will simply increase affordability for families.

The following critical issues and recommendations have been identified in the context of the priorities for the 2018-19 budget.

ACA believes that with the right policy and financial frameworks in place, Australia could be a world leader in the delivery of high quality ECEC within 10 years, and that there are four key levers to achieving this outcome: quality, affordability, accessibility and sustainability.

Critical Issues and Recommendations

Systemic changes to the sector: National Quality Framework changes and the introduction of the new Child Care Subsidy

The National Quality Framework (NQF) continues to evolve, with changes to the law and regulations introduced on 1 October 2017 (except in Western Australia), and a revised National Quality Standard (NQS) commences in all states and territories, including Western Australia on 1 February 2018.

ACA recognises the importance of these changes to ensure quality education and care in Australia continues to improve under the NQF in the most efficient and effective way.

However these changes will require the education and training of staff and the updating of compliance policy and procedures in order to ensure that ECEC services are complying with the new legal obligations.

The Long Day Care Professional Development Program (LDCPDP), which concluded on 30 June 2017, allowed ECEC service providers to meet their specific professional development needs to support the National Quality Framework, adhere to the National Quality Standard and deliver the Early Years Learning Framework or other approved learning framework.

ACA continues to receive extremely positive feedback from members regarding this program and its impact on their educators. We believe the LDCPD Program has delivered greater quality outcomes to children in ECEC services, and would recommend a similar program for the 2017-18 financial year, and ongoing years.

The ACA believes that the LDCPDP funding being provided directly to service providers has allowed each service to have control of the training needs of their educators and appropriately choose where this money is best spent.

In summary, the changes to the National Quality Framework, coupled with the introduction of the new CCS package, the natural turn-over of ECEC staff and the ongoing need to keep all employees trained and upskilled, create an ongoing need for ECEC staff training to meet the ongoing developments in this sector.

ACA therefore encourages further government investment in the LDCPDP or a similar initiative, which encourages the ongoing professional development of educators within the sector to ensure the quality of educators continues to grow and align with the National Quality Framework and the National Quality Standard.

Additionally the introduction of the new Child Care Subsidy (CCS) on 2 July 2018 will bring a new set of challenges to the ECEC sector in terms of new processes, new pricing models and new operating systems for both ECEC services and their families.

The implementation of the new system includes the mandatory requirement for operators upgrade their IT equipment and software to allow parents to electronically sign in and out of the services along with a raft of new administration processes.

These changes will require ECEC services to purchase new hardware and software to support this required reporting mechanism, along with extensive education and training of staff to ensure a successful transition period for all stakeholders. These could be significant costs depending on the size and structure of the ECEC services.

Recommendation:

- *That beyond the LDCPDP 30 June 2017 expiry date, funding should be allocated to a program similar in concept to the LDCPDP with the same distribution model that allows ECEC service providers to determine the most appropriate training needs for the staff in their own services.*
- *That government support funding is made available to ECEC services to encourage compliance and offset the imposed hardware and software costs associated with the introduction of the mandatory requirement for electronic sign-in and sign-out of parents.*

Barrier to workforce participation: Ongoing demand for places for children aged 0 - 36 months in ECEC services

Australia's ECEC services play a huge role in enabling Australian families stay-at-home parents (predominantly mothers but also some fathers) to return to work after taking parental leave. According to workplace statistics, women comprise 46.2% of all employees in Australia. As a proportion of all employees, 24.8% are women working full-time and 21.4% are women working part-time.¹⁵

However when women (and some men) plan to return to work from parental leave, they often experience difficulties seeking formal care for children under three years of age.

Background

The Federal Government's Paid Parental Leave Scheme offers primary carers (predominantly women) of a newborn or recently adopted child 18 weeks' leave paid at the national minimum wage. Eligible fathers or partners can also access two weeks of government-funded pay after the birth of a baby or adoption of a child. Many parents relying on this paid parental leave choose to return to work after four and a half months of parental leave for financial reasons.

According to The Parenthood¹⁶, a lobby group representing tens of thousands of Australian parents, families are struggling to find childcare places for their 0 to 1 year olds, with demand outstripping supply for many nursery places across Australia's long day care and family day care sector.

This observation is reinforced by the experience of ACA's member base, with many centres having to turn away families seeking care for 0 to 3 year olds.

In terms of formal data, a report focussing on Early Childhood Education and Care (ECEC) from the Australian Bureau of Statistics (ABS)¹⁷ released in 2015 revealed that in June 2014, the parents of almost a quarter of a million children reported a need for more access to ECEC services, with shortages most acute for long day care centres and before-and after-school care services.

Data from the HILDA Report¹⁸, which includes an exploration of the difficulties that Australian families have experiences while obtaining child care, supports this observation. In most years, approximately 80% of households that had used or thought about using child care reported experiencing moderate difficulties with at least one aspect of child care, with availability difficulties and quality being the two most commonly reported problems.

Whilst neither of these two data sources break down the availability need into age groups or geographic areas, they point towards the struggle for working families when seeking vacancies in the 0 – 36 months old age group.

¹⁵ Workplace Gender Equality Agency - https://www.wgea.gov.au/sites/default/files/Stats_at_a_Glance.pdf

¹⁶ www.parenthood.com.au

¹⁷ News.com.au: [Coveted childcare spots could soon become even harder to find](#), Aug 2015

¹⁸ The Household, Income and Labour Dynamics in Australia Survey, known as HILDA, is a nationally representative longitudinal study of Australian households. [HILDA Statistical Report 2017](#)

From an ECEC service perspective, the cost of caring for children in the 0-36 months age group is substantially higher than the older age groups, due to the greater level of care required for babies and younger children. This includes higher child to staff ratios as prescribed under the NQF and the need for adequate room space for sleeping areas.

For these reasons, many ECEC services are unable to assemble a financially sustainable operating model to provide affordable care for the 0-36 months age group and hence are set up to care for only a small proportion of “under threes” or none at all. Instead, a growing number of ECEC services are focussing on the 3-6 year old age groups in their infrastructure and educational programs.

Despite this growing gap in ECEC services availability for the 0 – 36 months age group, the Federal Government’s current subsidy system does not adequately support the actual cost of delivering care for children in the 0-36 months age group and fails to financially provide a sufficient offset for ECEC services to enable them to accommodate a greater number of children in this group for working parents.

As it stands, the new CCS due to take effect on 2 July 2018 will benefit many working families with children already in care, but again will not cover the actual cost of caring for those children aged 0-36 months.

In some geographic areas, the demand for a greater number of vacancies for the 0-36 months is overlaid with an oversupply of vacancies for children over 36 months across a number of ECEC services, putting them in the position to be able to reconfigure some of their property space to accommodate more of the 0-36 month age group.

The ECEC sector at large can attest to an ongoing demand for more ECEC places for children aged 0 – 36 months, with many Australian families struggling to find local and affordable vacancies for this age group to allow their return to work.

Over the December/January period, ACA ran a short survey to members, asking them about their ECEC service’s capacity to care for children aged 0-36 months old. Over 270 ACA members completed the survey.

When asked whether a potential 30% increase in the CCS rebate would allow them to increase the number of places available for 0 – 36 months age group in their ECEC service, 54% said yes. Of those that said yes, 95% said they would consider increasing the number of places in this age group, if an appropriate rebate increase became a reality, at an average of 8 new places per service. If these survey results are extrapolated across the whole long day care sector, an average of 8 new places to 50% of the sector would equate to an increase of 28,924 new places for children aged 0-36 months Australia-wide.

ACA urges the Federal Government to target additional CCS funding to the 0-36 month age group, to overcome the lack of local and affordable vacancies and provide the infrastructure to support to the future economic success of the nation. Doing so would increase availability of skilled workers across almost all industries by allowing more parents, particularly mothers, to re-enter the workforce and hence boost the productivity of the entire economy.

Recommendation:

That the Federal Government consider increasing the CCS rebate for children aged 0-36 months in order to address the lack of local and affordable vacancies.

Integrated kindergarten/preschool programs in Long Day Care settings in the year before school

As set out in the “The Benefits of Early Childhood Education and Care” section of this submission paper, the benefits of high quality early childhood education and care are now well documented, recognized and embraced locally and globally across the education sector. The wealth of evidence from studies in Australia and internationally, demonstrate the significant advantages children gain from attending quality ECEC services, which in turn flows on to their family and the wider community.

From a government perspective, the return on investment (ROI) from early learning is significant. Modelling from Price Waterhouse Coopers (PwC)²⁰ indicates that the benefits to Gross Domestic Product (GDP) for children receiving a quality education and care program are \$10.3 billion cumulative to 2050 (reference). The benefits to GDP of increased participation of vulnerable children whose parents are in the lowest income bracket are \$13.3 billion cumulative to 2050 (PwC).

The ACA strongly upholds that **all Australian children**, regardless of background or geographic location, have the right to a quality kindergarten/preschool program. This includes the thousands of children attending integrated kindergarten/preschool programs in long day care settings.

ACA applauds the Australian Government and Australia’s state governments for their formal recognition of these benefits to children and greater society, through the existing Universal Access funding, which ensures that all Australian children have access to 15 hours per week of kindergarten/preschool services delivered by university qualified early childhood teachers, for 40 weeks per year.

We acknowledge and support the further \$428 million Universal Access investment, which is provided through a one-year extension to National Partnership arrangements and will allow continued Universal Access support for kindergarten/preschool programs throughout 2018. The current national partnership agreement due to expire at end of 2018.

Background

In 2008 the Council of Australian Governments (CoAG) signed a National Partnership Agreement on Universal Access to Early Childhood Education²¹, less formally known as the Universal Access agreement. The agreement committed all Australian governments to achieving universal access by 2013 to early childhood education programs for all children in their year before school, delivered by university qualified early childhood teachers, for 15 hours per week or 600 hours per year, depending on the service.

20 PwC - Putting a value on early childhood education and care in Australia (2014)

21 Council of Australian Governments (2008) *National Partnership Agreement on Early Childhood Education*

ACA welcomed confirmation in the 2015 Federal Budget that \$840 million, adjusted for the Consumer Price Index, would be provided to support preschool programs for a further two calendar years.

As part of the 2017-18 Budget, the Australian Government is committing a further \$428 million to continue Commonwealth support for preschool throughout 2018. This funding will be provided through a one-year extension to National Partnership arrangements

ACA has concerns that, in the event that the National Partnership arrangement ceases to exist after 2018, **there is a risk that the minimum access of 15 hours per week of kindergarten/preschool services for Australian children will revert back to only 12 hours per week.** This would be a disappointing outcome for Australian children.

Consistent Delivery Across Jurisdictions

ACA also strongly supported the requirement of the Turnbull Government's National Partnership Agreement (NPA) on the Universal Access to Early Childhood Education that **state/territory governments must support preschool programs in all settings**, including those delivered in long day care settings.

This requirement is consistent with the conditions outlined in the *National Partnership Agreement on Universal Access to Early Childhood Education Intergovernmental Agreement on Federal Financial Relations*, which states that the agreement "will be implemented consistently"; and that Universal Access would ensure the quality early childhood education program – defined as "a program delivered in the year before full-time schooling in a diversity of settings, including long day care centre based services, stand-alone preschools and preschools that are part of schools" – "would be delivered in a manner that met the needs of parents and working families".

To date Universal Access funding arrangements, which *should* be viewed as positive investment in ECEC, are seriously flawed in an implementation sense, undermining the potential widespread benefits of this investment; each State/Territory government has taken a different approach to implementation since inception of the agreement, leading to grossly inequitable outcomes for children, families and service providers alike.

As an example, until 2015, the NSW Government had not provided any Universal Access funding to the privately owned long day care sector in NSW, despite the NSW Government's *Review of NSW Government Funding for Early Childhood Education* making it clear that "families and children should benefit from the Government's investment in quality early childhood education programs regardless of whether they access a long day care centre or a preschool", a recommendation strongly endorsed by ACA.

The Productivity Commission's *Draft Report on Childcare and Early Childhood Learning*²² suggested that "Where preschool is undertaken in an LDC and states and territories are not passing on the universal access funding, this should be withheld from the state or territory by the Australian Government and paid directly to the LDCs".

The Productivity Commission's final report in 2014 strongly recommended Universal Access funding be provided where preschool programs are delivered in long day care.

In July 2015, after years advocating for Universal Access funding to be provided to long day care services in NSW to support the delivery of preschool programs (as it is in some other jurisdictions), the NSW Government finally provided a very small proportion of its funding to NSW long day care services via a \$20 million "Long Day Care National Partnership Grants Program". In October 2015, long day care services in NSW received a one-off payment of approximately \$300 per child.

Whilst this is a positive start, it pales in comparison to the funding being distributed in other states such as Queensland and Victoria, where the intent of the Universal Access program has been embraced.

Better resourcing of preschool programs in Long Day Care settings in some states over others has accordingly resulted in greater participation rates. It has also allowed their preschool children to benefit from more educational resources, better use of technology, more excursions and incursions and more opportunities to upgrade indoor and outdoor learning environments. Their teachers have also been able to access more professional development opportunities.

Meanwhile services in the Australian Capital Territory, Western Australia and Tasmania are still not receiving Universal Access funding for preschool programs delivered in a Long Day Care setting.

ACA strongly believes that these varied outcomes at the state level are in fundamental breach of the current NPA, and that they effectively discriminate against the children who live in those states not receiving this funding.

Due to work commitments and the flexible hours offered by long day care, it is the only workable ECEC service for many families, and therefore their only option is to place their children into services that are not receiving Universal Access funding.

²² Productivity Commission 2013-2015 inquiry into childcare and early childhood learning - <https://www.pc.gov.au/inquiries/completed/childcare#report>

ACA therefore argues that all states/territories should be aiming for similar outcomes to ensure that the positive impacts that could be delivered via the Universal Access agreement are not undermined through inconsistent implementation across jurisdictions.

In light of the issues raised above, ACA believes that the current NPA **does not support all children in all service types having equitable access to 15 hours of preschool in the year before school.**

ACA therefore suggests a review and modification of the existing Universal Access funding model, to provide both greater certainty of funding beyond year to year agreements, and that delivers equitable funding to all children regardless of service type or jurisdiction.

Additionally ACA recommends that all children are exempted from the activity test for 18 hours per week in their **one year before school.**

Recommendation:

- *That the 2018-19 Federal Budget delivers new funding to allow **all children** access to 15 hours of preschool in their **one year before school.***
- *That the current National Partnership Agreement is reviewed and the government modifies the existing funding model so that the funding follows the child - **state/territory governments must be required to deliver this funding equitably across all ECEC service types**, thus supporting kindergarten/preschool programs in all settings, including preschool programs delivered in long day care settings.*
- *That all children are exempted from the activity test for 18 hours per week in their **one year before school.***

A better future with earlier participation

Evidence-based research illustrates that early participation in an early learning environment provides even greater benefits to young children, improving cognitive, social and emotional outcomes - even more so for the children most likely to be developmentally vulnerable.

ACA strongly encourages further investment in the providing Australia's young children with the best possible start in life, by **providing dedicated funding for increased participation in ECEC services in the two years before the commencement of school**, thus closing the disadvantage gap, boosting our human capital and ensuring that Australia remains globally competitive in terms of its educational and economic outcomes. Whilst this would ideally be available for all children, a step in the right direction might be to identify children from vulnerable or disadvantaged backgrounds and targeting funding for them in the first instance with a view to extending in the future.

According to the research by the Mitchell Institute²³, Australia's education system is failing one in every four young people, with 22% of children not adequately prepared for school when they commence, 28% without foundational literacy and numeracy skills during the school years, and 26% not attaining year 12 or the equivalent by the age of 19²³.

High quality early learning environments provide an opportunity to strengthen the cognitive and social and emotional development of young children, to prepare them for a successful experience at primary school and ensure a life-long love of learning and long day care services are already well established to deliver this program.

As previously stated on page 4 of this submission under "The Benefits of High Quality Early Childhood Education and Care" section, the principles of high quality early years education focus on **play-based learning in an age-appropriate physical environment**, as distinct from a structured school environment. Through play-based learning, skilled educators can introduce and reinforce concepts while engaging in each child's interests and building on each experience.

Best practice academic research from Australia and around the world demonstrates that high quality early childhood education programs, where the emphasis is on play based experiential learning in an age appropriate environment with no timetables or restrictions, brings about the best outcomes for children.

There are many studies that illustrate the long-lasting positive impact of longer participation in a high quality early learning environment for all children, regardless of their background or socio-economic status.

“The highest rate of return in early childhood development comes from investing as early as possible, from birth through age five, in disadvantaged families. Starting at age three or four is too little too late, as it fails to recognize that skills beget skills in a complementary and dynamic way. Efforts should focus on the first years for the greatest efficiency and effectiveness. The best investment is in quality early childhood development from birth to five for disadvantaged children and their families.” James J. Heckman, December 7, 2012

In order to further close the gap for Australia’s disadvantaged and vulnerable children, ACA highly recommends dedicated funding to allow for an additional year of access to early learning for **all children in their two years before school**.

The funding should follow the child and support the provision of a 2nd tertiary trained early childhood teacher, required under the NQF from 2020.

ACA makes this recommendation in the context of an Equal Remuneration Order (ERO) currently being heard by the Office of the Fair Work Commissioner, in which tertiary trained early childhood teachers are requesting a pay increase of between 39-72%²⁴. If this claim is successful, the capacity of services to fund two teachers would be weakened and likely lead to a higher cost for families using the service.

As previously stated, Australia’s Long Day Care (LDC) sector offers the ideal balance of age-appropriate early learning environments and adequately trained staff to offer high quality early childhood education and care to Australian children. The existing infrastructure offers an enormous cost benefit to both state and federal governments in delivering high quality ECEC services, given that the **facilities are already well established** and have the capacity to meet the needs of families with minimal further investment in capital expenditure.

Recommendation:

- *That the 2018-19 Federal Budget delivers new funding to allow **all children** access to 15 hours of ECEC services of all types including Long Day Care in their **two years before school**.*
- *That the Federal Government introduces a funding model for this purpose, that ensures an equitable way of delivering this funding to all children in ECEC services regardless of service type by 2020*
- *That all children are exempted from the activity test for 18 hours per week in their **two year before school***

²⁴ Early childhood educators protest being paid as little as \$20 an hour”, Sydney Morning Herald, 20 Sept 2016



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